Division of Oil, Gas, & Mining 01/30/92 Mining Report MINE ID: M037040 MINE NAME: VELVET OPERATOR: UMETCO MINERALS CORPORATION CONTACT: R A VAN HORN ADDRESS: 2754 COMPASS DR STE 280 GRAND JUNCTION CO 81506 PHONE: (303)245-3700 BLM #: Surface Owner: BLM Mineral Owner: BLM Lease #: Qtr-Qtr-Qtr1 Qtr-Qtr1 Qtr-Qtr2 Qtr-Qtr2 Qtr2 Sec Range Town 3 25.0E 31.0S Permit Status: APP Mine Type [(S)urface, (U)nderground]: S Mine Status (PRO, ACT, SUS, RET): SUS Acreage: Minerals Mined DATE TENTATIVE ADDDONAT ETNAT ADDROVAT LAST INSPECTED

| | RECEIVED TENTATIVE APPROVAL RECEIVED | | | | DATE | | | LAST | INSPEC | STED |
|------------------------|--------------------------------------|---------------------------------------------------------|--------------|----------------------------------------|----------|-------------|----------------------------------------------|----------|--------|----------------|
| | 08/15/78 | 10/26/78 | | | 11/29/78 | | | 03/05/90 | | |
| BOND TYPE: SURETY BOND | | | | | | | BOND AMOUNT: 62,535 | | | |
| | ANNUAL REPORT YEAR: 91 | | | | | | | | | |
| | R | NOTICES: 0 DLATIONS: 0 EVISIONS: 0 ENDMENTS: 0 | DATE DATE | ISSUED: ISSUED: REC'D: REC'D: | | / / / | DATE RES DATE RES DATE APP DATE APP | OLVED: | 1 | |

COMMENTS:

ATLAS BEGAN DEVELOPING THIS NEW MINE IN LATE 1978. THE MINE HAS BEEN ON STAND-BY SINCE EARLY 1984. ATLAS CONTINUES TO RUN PUMPS AND TREAT THE WATER. LAST INSPECTION REPORTED EROSION PROBLEMS ON THE FLANK OF THE WASTE PILE. THE OPERATION WAS TRANSFERRED TO UMETCO IN JAN. OF 89.